

Financial statements of

**Canadian Mental Health  
Association - Niagara Branch**

March 31, 2015

# Canadian Mental Health Association - Niagara Branch

March 31, 2015

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## **Independent Auditor's Report**

To the Directors of  
Canadian Mental Health Association - Niagara Branch

We have audited the accompanying financial statements of Canadian Mental Health Association - Niagara Branch, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Canadian Mental Health Association - Niagara Branch in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, Canadian Mental Health Association - Niagara Branch derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Canadian Mental Health Association - Niagara Branch and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of income over expenses (expenses over income), fund balances and assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mental Health Association - Niagara Branch as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care.

### **Basis of Accounting and Restrictions on Distribution and Use**

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care and the other agencies as described in Note 2 to assess the Association's compliance with regulatory or legislative requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Canadian Mental Health Association - Niagara Branch, the Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care and the other agencies as described in Note 2 and should not be distributed to or used by parties other than the Canadian Mental Health Association - Niagara Branch, the Hamilton Niagara Haldimand Brant Local Health Integration Network, the Ministry of Health and Long-Term Care or the other agencies as described in Note 2.



Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
May 25, 2015

# Canadian Mental Health Association - Niagara Branch

Statement of operations  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Operating grants	6,789,132	7,077,733
One time funding	15,400	-
General donations and bequests	20,436	20,111
Rental property revenue	433,708	233,423
Bingo proceeds	20,082	17,712
Interest and other	169,945	96,376
Fundraising	127,663	35,656
	<b>7,576,366</b>	<b>7,481,011</b>
<b>Expenses</b>		
Building occupancy costs	873,131	462,245
Capital asset expenditures	65,617	28,197
Amortization	57,095	145,136
Flow through to other agencies	1,681,918	1,885,626
General and administrative	659,755	582,640
Payments from Discretionary Assistance Fund	200	328
Rental property	20,219	16,579
Interest on long-term debt	7,727	8,305
Miscellaneous club and home costs	19,494	19,171
Replacement fund	2,920	6,820
Salaries, purchased services and payroll taxes	4,109,759	4,278,983
	<b>7,497,835</b>	<b>7,434,030</b>
Operating excess of income over expenses	78,531	46,981
Net change in Capital Reserve Fund balance (Note 10)	35,643	8,262
Disbursements from S.S.O. Emergency Fund balance (Note 10)	(200)	-
Transfer to Agency Program Development - Niagara Branch from due to funding source (Note 6)	4,355	-
Adjustments to expected prior year receivable from funding source (Note 6)	(3,459)	-
Amount paid to funding source from Ministry of Training, Colleges and Universities - Employment Ontario Fund	(577)	-
Net repayable to Ministry of Health and Long-Term Care (Note 6)	(9,254)	(1,478)
Net recoverable (repayable) from Ministry of Health - Housing (Note 6)	2,491	(2,985)
<b>Excess of income over expenses</b>	<b>107,530</b>	<b>50,780</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Statement of funds  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Funder Restricted Funds</b>		
United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie	(14,177)	(11,176)
Ministry of Health and Long-Term Care - Housing	76,980	78,806
Ministry of Health - Capital Reserve Fund (Note 10)	166,903	131,260
Ministry of Training, Colleges and Universities - Employment Ontario Fund	141,008	143,669
Manchester - Transitional Housing Program	(20,363)	(16,315)
S.S.O. Emergency Fund (Note 10)	25,397	25,597
	<b>375,748</b>	<b>351,841</b>
<b>Municipality Restricted Funds</b>		
Fort Erie Health Promotion Program - Fort Erie Bingo Fund	(2,646)	(1,425)
Niagara Falls Bingo Fund	40,451	38,277
St. Catharines Bingo Fund	162,461	162,225
	<b>200,266</b>	<b>199,077</b>
<b>Donor and Board Restricted Funds</b>		
Special Events Fund	271,691	191,643
Discretionary Assistance Fund	8,848	9,048
Research and Development Fund	76,841	76,412
Employment Services Restricted Donations Fund	1,684	1,684
	<b>359,064</b>	<b>278,787</b>
<b>Invested in capital assets (Note 10)</b>		
Building Fund - Investment	44,039	43,652
Special Projects - Building Fund	34,641	37,226
	<b>78,680</b>	<b>80,878</b>
<b>Agency Program Development Fund (Note 10)</b>		
Agency Program Development - Niagara Branch	3,743	(612)
Total fund balances, beginning of year	909,971	859,191
Excess of income over expenses	107,530	50,780
<b>Total fund balances, end of year</b>	<b>1,017,501</b>	<b>909,971</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Statement of financial position  
as at March 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	349,654	379,665
Short-term investments (Note 4)	660,768	242,992
Accounts receivable	205,335	311,699
Prepaid expenses	54,091	58,642
	<b>1,269,848</b>	992,998
Investments (Note 4)	55,033	462,372
Capital assets (Note 5)	463,835	504,302
	<b>1,788,716</b>	1,959,672
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	198,691	469,071
Government remittances payable	41,101	30,417
Residents' rent deposits	1,676	2,500
Due to funding sources (Note 6)	8,241	2,188
Deferred revenue (Note 7)	212,587	209,827
Current portion of long-term debt (Note 8)	308,919	26,742
	<b>771,215</b>	740,745
Long-term debt (Note 8)	-	308,956
	<b>771,215</b>	1,049,701
Commitments (Note 9)		
<b>Fund balances</b>		
Funder Restricted Funds	375,748	351,841
Municipality Restricted Funds	200,266	199,077
Donor and Board Restricted Funds	359,064	278,787
Invested in capital assets	78,680	80,878
Agency Program Development Funds	3,743	(612)
	<b>1,017,501</b>	909,971
	<b>1,788,716</b>	1,959,672

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Statement of cash flows  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of income over expenses	107,530	50,780
Adjustment for amortization	57,095	145,136
Changes in non-cash working capital items (Note 11)	(140,792)	(143,673)
	<b>23,833</b>	<b>52,243</b>
<b>Investing activities</b>		
Purchase of investments	(337,504)	(510,573)
Proceeds on sale of investments	327,067	501,562
Purchase of capital assets	(16,628)	-
	<b>(27,065)</b>	<b>(9,011)</b>
<b>Financing activity</b>		
Repayment of long-term debt	(26,779)	(26,148)
Net change in cash	(30,012)	17,084
Cash, beginning of year	379,665	362,581
<b>Cash, end of year</b>	<b>349,654</b>	<b>379,665</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# Canadian Mental Health Association - Niagara Branch

United Ways of St. Catharines and District, and  
Niagara Falls / Greater Fort Erie  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
United Way of St. Catharines and District - operating grant	92,541	90,641
United Way of Fort Erie - operating grant	31,654	24,731
United Way of Niagara Falls - operating grant	39,154	32,274
Realtors Care Foundation - operating grant	-	383
Interest and other	-	712
General donations and bequests	2,643	-
	<b>165,992</b>	<b>148,741</b>
<b>Expenses</b>		
Computer supplies and maintenance	4,665	3,378
Staff and consumer education programs	867	2,176
Travel	1,126	2,051
Office and miscellaneous	3,527	5,700
Memberships	30	-
Building occupancy costs	2,162	4,066
Salaries, purchased services and payroll taxes	152,405	133,831
Telephone	4,211	4,334
	<b>168,993</b>	<b>155,536</b>
Excess of expenses over income	<b>(3,001)</b>	<b>(6,795)</b>
United Way fund deficit, beginning of year	<b>(11,176)</b>	<b>(4,381)</b>
<b>United Way fund deficit, end of year</b>	<b>(14,177)</b>	<b>(11,176)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Ministry of Health and Long-Term Care / Hamilton Niagara  
Haldimand Brant Local Health Integration Network  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Operating grant	5,303,381	5,595,742
One time funding	15,400	-
Interest and other	122,627	72,947
	<b>5,441,408</b>	<b>5,668,689</b>
<b>Expenses</b>		
Capital asset expenditures	65,617	28,197
Building occupancy costs	213,796	165,747
Computer supplies and maintenance	52,094	93,409
Flex fund	3,767	6,198
Flow through to other agencies	1,190,918	1,230,669
Insurance	12,261	11,480
Office and miscellaneous	24,617	14,587
Salaries, purchased services and payroll taxes	3,417,164	3,620,874
Supplies and other expenses		
Advertising and promotion	31,815	19,302
Bank charges	2,474	2,250
Books, periodicals and subscriptions	13,347	13,738
Maintenance supplies and services	53,518	17,425
Residential crisis bed food	19,494	19,171
Postage, stationery and office	32,163	28,547
Professional fees	77,522	85,437
Program supplies	14,535	13,546
Staff education programs	37,843	43,283
Telephone	60,078	60,958
Travel	81,400	75,989
Amortization	27,731	116,404
	<b>5,432,154</b>	<b>5,667,211</b>
Operating excess of income over expenses	9,254	1,478
Net repayable to funding source (Note 6)	(9,254)	(1,478)
Excess of income over expenses	-	-
Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network fund balance, beginning of year	-	-
<b>Ministry of Health and Long-Term Care / Hamilton Niagara Haldimand Brant Local Health Integration Network fund balance, end of year</b>	<b>-</b>	<b>-</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Ministry of Health and Long-Term Care - Housing  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Ministry of Health and Long-Term Care - Housing funding	771,379	770,274
Rental property revenue	433,708	233,423
	<b>1,205,087</b>	<b>1,003,697</b>
<b>Expenses</b>		
Building occupancy costs	24,516	25,039
Rental property expenses	20,219	16,579
Building occupancy costs - housing units	618,990	245,844
Amortization	26,779	26,147
Flow through to other agencies	491,000	654,957
Insurance	8,000	8,529
Interest on long-term debt	7,727	8,305
Replacement fund	2,920	6,820
Salaries, purchased services and payroll taxes	5,268	4,887
Office and miscellaneous	526	454
	<b>1,205,945</b>	<b>997,561</b>
Operating excess of (expenses over income) income over expenses	<b>(858)</b>	6,136
Net receivable (repayable) from funding source (Note 6)	2,491	(2,985)
Adjustments to expected prior year receivable from funding source (Note 6)	<b>(3,459)</b>	-
Excess of (expenses over income) income over expenses	<b>(1,826)</b>	3,151
Ministry of Health and Long-Term Care - Housing fund balance, beginning of year	<b>78,806</b>	75,655
<b>Ministry of Health and Long-Term Care - Housing fund balance, end of year</b>	<b>76,980</b>	<b>78,806</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Fort Erie Health Promotion Program - Fort Erie Bingo  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Bingo proceeds	12,179	9,840
<b>Expense</b>		
Salaries, purchased services and payroll taxes	13,400	11,877
Excess of expenses over income	(1,221)	(2,037)
Fort Erie Bingo fund (deficit) balance, beginning of year	(1,425)	612
<b>Fort Erie Bingo fund deficit, end of year</b>	<b>(2,646)</b>	<b>(1,425)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Special Projects Fund - Niagara Falls Bingo, St. Catharines Bingo,  
Special Events, Employment Services Restricted Donations, Discretionary  
Assistance Fund and Research and Development  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Bingo proceeds	7,903	7,872
General donations and bequests	17,793	20,111
Fundraising	127,663	35,656
Interest and other	35,754	22,717
	<b>189,113</b>	<b>86,356</b>
<b>Expenses</b>		
Bingo expenses	623	2,742
Payments from Discretionary Assistance Fund	200	328
Staff education programs	756	416
Flow through to other agencies	59,960	-
Salaries, purchased services and payroll taxes	24,675	4,014
Mental Health Coach	4,671	-
Telephone	144	37
Travel	1,195	37
Office and miscellaneous	13,815	21,405
Amortization	2,585	2,585
	<b>108,624</b>	<b>31,564</b>
Operating excess of income over expenses	80,489	54,792
Transfer to Building Fund - Investment	(387)	(387)
Transfer from Special Projects - Building Fund	2,585	2,585
Excess of income over expenses	<b>82,687</b>	<b>56,990</b>
<b>Reserve balance, beginning of year</b>		
Niagara Falls Bingo	38,277	39,099
St. Catharines Bingo	162,225	159,736
Special Events	191,643	136,421
Discretionary Assistance Fund	9,048	9,376
Research and Development	76,412	75,983
Employment Services Restricted Donations	1,684	1,684
	<b>479,289</b>	<b>422,299</b>
<b>Allocation of excess of income over expenses (expenses over income)</b>		
Niagara Falls Bingo	2,174	(822)
St. Catharines Bingo	236	2,489
Special Events	80,048	55,222
Discretionary Assistance Fund	(200)	(328)
Research and Development	429	429
	<b>82,687</b>	<b>56,990</b>
<b>Reserve balance, end of year</b>		
Niagara Falls Bingo	40,451	38,277
St. Catharines Bingo	162,461	162,225
Special Events	271,691	191,643
Discretionary Assistance Fund	8,848	9,048
Research and Development Fund	76,841	76,412
Employment Services Restricted Donations Fund	1,684	1,684
	<b>561,976</b>	<b>479,289</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Ministry of Training, Colleges and Universities - Employment Ontario Fund  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Ministry of Training, Colleges and Universities - operating grant	429,698	437,573
Region of Niagara - Employment Opportunities - operating grant	33,182	46,115
	<b>462,880</b>	<b>483,688</b>
<b>Expenses</b>		
Advertising and promotion	169	774
Staff education programs	4,946	1,923
Office and miscellaneous	33,105	29,856
Building occupancy costs	13,667	21,549
Salaries, purchased services and payroll taxes	405,207	426,732
Travel	7,870	7,090
	<b>464,964</b>	<b>487,924</b>
Excess of expenses over income	<b>(2,084)</b>	(4,236)
Amount paid to funding source for prior year excess of income over expenses	<b>(577)</b>	-
Excess of expenses over income	<b>(2,661)</b>	(4,236)
Ministry of Training, Colleges and Universities Operating Fund, beginning of year	<b>143,669</b>	147,905
<b>Ministry of Training, Colleges and Universities Operating Fund, end of year</b>	<b>141,008</b>	<b>143,669</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Manchester - Transitional Housing Program  
Statement of operations and fund balance  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Income</b>		
Region of Niagara – operating grant	88,143	80,000
Interest and other	11,564	-
	<b>99,707</b>	<b>80,000</b>
<b>Expenses</b>		
Computer supplies and maintenance	676	1,689
Staff education programs	494	100
Office and miscellaneous	8,210	248
Salaries, purchased services and payroll taxes	91,640	76,768
Telephone	465	900
Travel	2,270	2,652
	<b>103,755</b>	<b>82,357</b>
Excess of expenses over income	<b>(4,048)</b>	(2,357)
Manchester fund deficit, beginning of year	<b>(16,315)</b>	(13,958)
<b>Manchester fund deficit, end of year</b>	<b>(20,363)</b>	<b>(16,315)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2015

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## 1. Description of the Association

The Canadian Mental Health Association – Niagara Branch (“CMHA Niagara” or the “Association”) is an incorporated, registered, non-profit organization. The Association delivers mental health services to consumers through the management and operation of various programs that are funded by the United Way, the Provincial and Federal governments and private donations. The Association was incorporated on June 1, 2001 as a result of the amalgamation of the Canadian Mental Health Association - Niagara South Branch and the Canadian Mental Health Association - St. Catharines Branch.

## 2. Description of funds

### (a) *United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie*

Various United Way Funds provide the following:

The United Way of St. Catharines and District funds the St. Catharines Resource Centre, brief counseling, outreach and other services at their St. Catharines locations. Public Education and Health Promotion and Information and Referral provide assistance to the general public seeking mental health services. Volunteer Training and Development locates and supports volunteers in administrative support functions and in direct support to clients.

The United Way of Niagara Falls / Greater Fort Erie fund the Mental Health Counseling and Public Education Programs in their areas. These programs provide individual and group counseling and mental health education.

- Public Education provides preventative services through educational sessions, media events, individual consultation, and resource distribution. One of the key programs is the public speakers bureau. Public speakers are volunteers living with mental illness who speak publicly about their life story. The program operates with the funding support of United Way of St. Catharines and District.
- Resource Centres provide information, counseling, group work and advocacy. They are located in CMHA Niagara offices located in Fort Erie, Niagara Falls and St. Catharines. They provide visibility and convenient walk-in services for the general public. The St. Catharines location is funded by the United Way of St. Catharines and District.

All assets of these funds are externally restricted by the United Way to use in accordance with these purposes. Any excess of income over expenses is refundable to the United Way.

Included in the United Ways of St. Catharines and District, and Niagara Falls / Greater Fort Erie statement of operations and fund balance are funds from Realtors Care Foundation, funding a Wellness project for clients of the Residential Crisis Support Beds program.

### (b) *Ministry of Health and Long-Term Care (“MOHLTC”) / Hamilton Niagara Haldimand Brant Local Health Integration Network (“LHIN”) Funds*

The MOHLTC/LHIN fund the following programs:

- Mental Health Urgent Support - Mental health counselors provide assistance to individuals in meeting non-emergency, non-medical urgent needs for problem solving, goal setting and linking to services. These services are provided in St. Catharines and Niagara Falls.
- Safe Beds - Seven crisis beds staffed with crisis counselors are available seven days per week at 15 Wellington St. in St. Catharines.
- Community Support and Phase II Homelessness Initiative - Case management and counseling support, based on the needs of clients, is provided in their homes throughout Niagara.
- Justice Services - Individuals involved with the law are offered support. Training is provided for Niagara Regional Police. A Court Diversion program is provided in consultation with the Crown Attorney. Release from custody plans are developed with the Niagara Detention Centre.



# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements

March 31, 2015

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## 2. Description of funds (continued)

### (b) Ministry of Health and Long-Term Care ("MOHLTC") / Hamilton Niagara Haldimand Brant Local Health Integration Network ("LHIN") Funds (continued)

- Intake and Assessment - Centralized intake, assessment and brief counseling is provided from the Niagara Falls office. The service is also provided for partner mental health agencies.
- Niagara Falls and Fort Erie Resource Centres - The programs provide intake, information, brief counseling and group counseling for the general public.
- Mobile Crisis Support Services - Combined community effort to support individuals in crisis out in the community. Services are mobile and available seven days per week. Collaborative program with Niagara Regional Police Services, Distress Centre of Niagara, and CMHA Niagara.
- Centralized Access – Central coordinated access and warm transfer referrals to Addictions and Mental Health services in Niagara. Services are available seven days per week. Operational partner is Distress Centre of Niagara.

All assets are externally restricted by the MOHLTC and LHIN and to be used in accordance with the purposes of this fund as described above. Any excess of income over expense, excluding non-Ministry funded activities, is refundable to the Ministry of Health and Long-Term Care, see details in Note 6.

### (c) Ministry of Health and Long-Term Care - Housing

CMHA Niagara operates a home in St. Catharines and a home in Niagara Falls supporting individuals with mental illness who are preparing to live independently. The former branches of CMHA Niagara assumed mortgages for the homes through the Canada Mortgage and Housing Corporation. The Phase II Homelessness initiative is provided with the rent subsidy portion of the program through the Housing Funds.

All assets of this fund are externally restricted to use in accordance with this purpose by The Ministry of Health, Mental Health and Addictions Branch, which funds operating costs of these facilities including mortgage payments.

### (d) Ministry of Training, Colleges and Universities - Employment Ontario

Individuals living with mental illness are assisted with job skill development, employment search and placement through the REAL Work Program funded by the Ministry of Training, Colleges and Universities.

All assets of this fund are externally restricted by the Ministry of Training, Colleges and Universities to use in accordance with this purpose. Any excess of income over expenses is refundable to the Ministry of Training, Colleges and Universities.

Included in the Ministry of Training, Colleges and Universities statement of operations and fund balance are funds from the Region of Niagara - Employment Opportunities. This is an employment readiness program to provide upfront intensive supports to reconnect and prepare vulnerable populations to increase their readiness to obtain and maintain appropriate training with Employment Ontario mainstream services, access post-secondary opportunities and/or find and maintain employment. This is a one-time grant through the Niagara Region.

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

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## 2. Description of funds (continued)

### (e) Fort Erie Health Promotion Program - Fort Erie Bingo

The program provides funds for the mental health counseling and public education program in Greater Fort Erie. The program, which is also funded by the United Way of Niagara Falls / Greater Fort Erie, provides individual counseling and group counseling to individuals experiencing emotional difficulties as well as education to the general public.

The program is funded by bingos conducted by CMHA Niagara in the Fort Erie area. The assets of this fund are externally restricted by the Town of Fort Erie to use in accordance with the purpose of this fund, described above.

### (f) Special Projects Fund - Niagara Falls Bingo, St. Catharines Bingo, Special Events, Employment Services Restricted Donations, Discretionary Assistance Fund and Research and Development

The Special Projects Fund consists of fundraising revenue that supports programs not otherwise funded. These funds are raised principally through the Niagara Falls Bingo and St. Catharines Bingo. Additional funds are raised through special events such as Women and Wellness and various individual donations. Mental Health Works sponsored by CMHA Ontario provides fee based training for companies developing workplace accommodation policies and procedures. Various assets of these funds are internally restricted by the Board of Directors and externally restricted by the funding sources.

### (g) Manchester - Transitional Housing Program

Manchester House is a 4 bedroom house for former homeless males with concurrent disorders (mental health and substance abuse). The transitional housing project prepares individuals for independent living. This is a program with funds received from the Ministry of Community and Social Services through the homelessness initiative of Niagara Region.

## 3. Accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of the Ministry of Health and Long-Term Care. The basis of accounting used in these financial statements differs from Canadian accounting standards for not-for-profit organizations as a result of:

- a) amortization being provided on the land and buildings at a rate equal to the annual principal reduction of the mortgage; and
- b) approved capital expenditures less than \$5,000 are charged against operations in the year of acquisition in accordance with the recommendations of the funding source.

### *Fund accounting*

CMHA Niagara uses fund accounting to report its activities carried on throughout the year.

### *Investments*

Investments include Guaranteed Income Certificates ("GICs") with maturities of 3 months or more and are stated at amortized cost.

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

# Canadian Mental Health Association - Niagara Branch

## Notes to the financial statements

March 31, 2015

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### 3. Accounting policies (continued)

#### *Financial instruments (continued)*

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in net excess of expenses over income an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net excess of expenses over income in the period the reversal occurs.

#### *Capital assets*

Land and building relating to initial housing project acquisitions of the Ministry of Health and Long-Term Care - Housing Program are accounted for in accordance with the Ministry of Health and Long-Term Care (the "Ministry" or "MOHLTC") accounting policies.

Amortization is provided on buildings at a rate equal to the annual principal reduction of the mortgage with Canada Mortgage and Housing Corporation which has been paid during the year from funds provided by the Ministry of Health, Mental Health and Addictions Branch.

Amortization on 15 Wellington St., which is included in land and buildings, is calculated on a straight-line basis over 25 years.

It is the Association's policy to capitalize all capital acquisitions over \$5,000. All other approved capital expenditures not in excess of this threshold are charged against operations in the year of acquisition in accordance with the recommendations of the funding source.

Amortization on capital assets is calculated on a straight-line basis over the estimated useful life of the asset:

Computer software	1 year
Computer hardware	3 years
Furniture and equipment	5 years
Leasehold improvements	15 years

#### *Deferred revenue*

The Ministry of Health and Long-Term Care has allowed CMHA Niagara to retain a portion of the surplus generated by capital costs as deferred revenue. The deferred revenue will be amortized over the estimated useful life of the respective capital assets.

#### *Contributed services*

Volunteers contribute a substantial number of hours during the year to assist the Association in its provision of services to the community. As the total number of hours is not recorded in the records of the Association and due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. CMHA Niagara issues receipts for goods contributed during the year. This amount is not recorded in the accounts of the Association.

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

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### 3. Accounting policies (continued)

#### *Ministry of Health - Capital reserve fund*

This fund is in accordance with the operating agreement with the Ministry of Health and Long-Term Care dated July 10, 2012. The Ministry of Health and Long-Term Care determines the annual allocation to the fund. These funds, along with interest earned, must be held in financial instruments as defined by the Ministry of Health and Long-Term Care and accounted for separately from other funds.

#### *Revenue recognition*

Grant revenue is recognized in the funding period for which it is approved.

Rental revenue is recognized in the period it becomes contractually due.

All other revenue is recognized when earned or received and collection is reasonably assured.

#### *Use of estimates*

The preparation of financial statements in conformity with the accounting policies prescribed by the Ministry of Health and Long-Term Care requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant financial statement areas which involve the use of estimates include the amounts due to funding sources, useful lives of capital assets and accrued expenses. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

### 4. Investments

	2015	2014
	\$	\$
Guaranteed Investment Certificates - carrying value		
bearing interest from 1.45% to 3.8%, maturing between		
April 7, 2015 and January 12, 2018		
(market value \$739,286 (2014 - \$719,659))	715,801	705,364
Less: GICs maturing within one year	660,768	242,992
	<b>55,033</b>	<b>462,372</b>

Included in the above carrying value are guaranteed investment certificates related specifically to the Ministry of Health and Long-Term Care - Housing Fund amounting to \$136,681 (2014 - \$126,418). These investments have been externally restricted by the MOHLTC to ensure there are sufficient funds to afford capital projects as per MOHLTC Directive 05-03 Capital/Replacement Reserve Funds.

Included in the above carrying value are guaranteed investment certificates related specifically to a bequest of funds directed for use by the Research and Development Fund amounting to \$75,659 (2014 - \$75,659). These investments have been externally restricted by the Donor.

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

## 5. Capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and buildings	731,841	361,044	370,797	400,160
Leasehold improvements	165,600	93,840	71,760	82,800
Furniture and equipment	47,399	44,086	3,313	5,525
Computer hardware	104,717	86,752	17,965	15,815
Computer software	224,069	224,069	-	2
	<b>1,273,626</b>	<b>809,791</b>	<b>463,835</b>	<b>504,302</b>

## 6. Due to funding sources

	2015	2014
	\$	\$
Due to Ministry of Health and Long-Term Care, beginning of the year	(5,833)	(4,355)
Ministry of Health and Long-Term Care	(9,254)	(1,478)
Payments made during the year	-	-
Transfer to Agency Program Development Fund (Note 10)	4,355	-
Due to Ministry of Health and Long-Term Care, end of the year	<b>(10,732)</b>	<b>(5,833)</b>
Due from Ministry of Health - Housing, beginning of the year	3,645	6,630
Ministry of Health - Housing	2,491	(2,985)
Recoveries made during the year	(186)	-
Other adjustments	(3,459)	-
Due from Ministry of Health - Housing, end of the year	<b>2,491</b>	<b>3,645</b>
<b>Total due to funding sources</b>	<b>(8,241)</b>	<b>(2,188)</b>

The Association has estimated the amount of government subsidies payable. This amount is subject to review by the MOHLTC and the LHIN. Any revisions to this amount as a result of the review will be recorded as an adjustment in the year the review is completed. The review of the LHIN settlements for 2014 and 2015 are outstanding and the review of the Ministry of Health and Long-Term Care – Housing settlement for 2015 is outstanding as at this fiscal year end date.

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

## 7. Deferred revenue

	2015	2014
	\$	\$
MOHLTC/LHIN	111,020	130,496
MOH Housing - last months rent advance	30,624	-
Social Club	10,437	11,183
Green Shield Grant	6,000	6,000
Trillium Foundation	25,540	-
Region of Niagara (EES)	21,178	54,360
Wellness Realtor	2,788	2,788
Restricted funds	5,000	5,000
	<b>212,587</b>	<b>209,827</b>

Included in deferred revenue for the MOHLTC is revenue received for capital expenditures which were approved by the MOHLTC to be capitalized and amortized. This revenue is being deferred and amortized over the same term that the related capital assets are being amortized.

When the expense is incurred, the capital expenditure is set up as a capital asset and the respective revenue will be amortized into income over the estimated useful life of the asset.

## 8. Long-term debt

	2015	2014
	\$	\$
Canada Mortgage and Housing Corporation 2.4% mortgage, payable in equal monthly instalments of principal and interest of \$2,875, maturing April 2025 and renewing October 2015. The mortgage is secured by land, buildings and by an assignment of rents.	308,919	335,698
Current portion	308,919	26,742
Long-term portion	-	308,956

The mortgage has been classified as current as at March 31, 2015, as it will be renewing in October 2015.

Principal payments required are as follows, assuming the mortgage is renewed on similar terms:

	\$
2016	27,381
2017	28,045
2018	28,726
2019	29,423
2020	30,137
Thereafter	165,207
<b>Total</b>	<b>308,919</b>

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

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## 9. Commitments

Under the terms of various operating leases in existence at March 31, 2015, the Association is committed to future minimum annual rent payments as follows:

	\$
2016	43,821
2017	24,447

## 10. Funds

### *Ministry of Health - Capital reserve fund*

	2015	2014
	\$	\$
Balance, beginning of year	131,260	122,998
Annual funding	2,920	2,920
One-time funding	37,100	3,900
Capital expenditures	(6,529)	-
Interest income	2,152	1,442
<b>Balance, end of year</b>	<b>166,903</b>	<b>131,260</b>

### *Schizophrenia Society of Ontario (S.S.O.) Emergency Fund*

	2015	2014
	\$	\$
Balance, beginning of year	25,597	25,597
Disbursements	(200)	-
<b>Balance, end of year</b>	<b>25,397</b>	<b>25,597</b>

### *Invested in capital assets*

	2015	2014
	\$	\$
Balance, beginning of year	80,878	83,076
Amortization	(2,585)	(2,585)
Interest income	387	387
<b>Balance, end of year</b>	<b>78,680</b>	<b>80,878</b>

# Canadian Mental Health Association - Niagara Branch

Notes to the financial statements  
March 31, 2015

## 10. Funds (continued)

### *Agency Program Development Fund*

	2015	2014
	\$	\$
Balance, beginning of year	(612)	(612)
Transfer from due to funding source (Note 6)	4,355	-
Balance, end of year	<b>3,743</b>	(612)

Transfers are paid from the Agency Program Development Fund to the United Way Funds and MOHLTC to cover any excess expenses over income incurred on the individual programs.

Transfers are paid to the Agency Program Development Fund from the Special Projects Fund for any excess of income over expenses not designated to a specific fund, or if there is an adjustment to an expected prior year payable to funding source under the MOHLTC.

## 11. Supplemental cash flow information

### *Changes in non-cash working capital*

	2015	2014
	\$	\$
Accounts receivable	106,364	(185,337)
Prepaid expenses	4,551	(20,589)
Accounts payable and accrued liabilities	(270,380)	148,785
Government remittances payable	10,684	29,003
Residents' rent deposits	(824)	(6,771)
Due to funding sources	6,053	4,463
Deferred revenue	2,760	(113,227)
	<b>(140,792)</b>	(143,673)

## 12. Financial instruments

### *Interest rate risk*

The investments mature within the next three fiscal years and are renewable at prevailing market rates. Accordingly, CMHA Niagara is exposed to interest rate risk relating to potential changes in market interest rates. The Association does not actively manage this risk.

### *Credit risk*

CMHA Niagara is exposed to credit risk from consumers occupying their rental units. A thorough assessment of credit issues is conducted prior to committing to the consumer.

### *Liquidity risk*

CMHA Niagara's objective is to have sufficient liquidity to meet its liabilities when due. CMHA Niagara monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2015, the most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.